



STATE OF NEW JERSEY  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
[www.bpu.state.nj.us](http://www.bpu.state.nj.us)

ENERGY

IN THE MATTER OF THE PETITION OF SOUTH )	DECISION AND ORDER
JERSEY GAS COMPANY FOR APPROVAL OF A )	APPROVING STIPULATION
STANDARD GAS SERVICE AGREEMENT (FES) )	
AND A STANDARD GAS SERVICE AGREEMENT )	DOCKET NO. GR04080870
(FES) ADDENDUM )	

(SERVICE LIST ATTACHED)

BY THE BOARD<sup>1</sup>

South Jersey Gas Company ("South Jersey", "Company", or "Petitioner") is a corporation of the State of New Jersey, and a natural gas utility as defined in Title 48 of the New Jersey Statutes and, as such, is subject to the jurisdiction of the New Jersey Board of Public Utilities ("Board"). On August 16, 2004, South Jersey filed a Petition ("Petition") seeking Board approval of a Standard Gas Service Agreement (FES) ("Agreement") and a Standard Gas Service (FES) Addendum ("Addendum") executed with Conectiv Energy Supply, Inc. ("Conectiv Energy"). Conectiv Energy is an affiliate of Conectiv Power Delivery, and is not a regulated entity. Conectiv Energy operates equipment for the generation of electricity at, *inter alia*, Mickleton, Deepwater, Carlls Corner, Vineland and Millville, New Jersey. It will receive service pursuant to Rate Schedule (FES) at all of these locations.

Pursuant to its Rate Schedule FES, South Jersey provides for the sale or transportation of natural gas to generate electricity. In order to qualify for Rate Schedule FES, a customer must have a Winter Daily Contract Demand of 1,000 Mcf per day or more, or a Summer Daily Demand Contract of 2,000 Mcf per day or more, or both. Special Provision (j) of Rate Schedule FES provides for negotiated rates which must be incorporated into a Standard Gas Service Agreement (FES) and submitted to the Board for approval.

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<sup>1</sup> Commissioner Christine V. Bator recused herself from this matter due to a potential conflict of interest.

## BACKGROUND

By Board Order dated July 8, 2004, South Jersey completed a base rate case in Docket No. GR03080683 and GR00050295. The Partial Stipulation accepted by the Board in that matter provided as follows:

As of July 6, 2004, only one customer was receiving service under Rate Schedule FES. Notwithstanding any other provision of this Rate Schedule FES, that customer's existing Standard Gas Service Agreement (FES), and amendments and addenda thereto ("the Existing Agreement") will continue in effect without modification to its terms or the rates paid. The Existing Agreement will only remain in effect if on or before August 16, 2004, the Company files a new Standard Gas Service Agreement (FES) ("the Replacement Agreement") for approval by the Board. If the Replacement Agreement is not filed on or before August 16, 2004, then the FES customer will be invoiced at the Benchmark rates contained in this Rate Schedule FES. If the Replacement Agreement is filed on or before August 16, 2004, then the Existing Agreement will remain in effect, until the Board acts upon the Replacement Agreement.

The Agreement and the Addendum constitute the Replacement Agreement and were submitted for approval pursuant to Special Provision (j) of Rate Schedule (FES) and pursuant to the above provision of the Partial Stipulation, which became Special Provision (w) of Rate Schedule (FES).

Under FES customers are allowed to alternate between transportation and sales gas. On or before the twentieth day of each calendar month the customer shall advise the Company as to whether it will only provide its own gas for delivery under Rider D, Customer Owned Gas Clause, including potential peak day usage, or purchase some amount of the Company's gas for the month succeeding notification.

## PROCEDURAL HISTORY

The parties to this proceeding include the Department of the Public Advocate, Division of Rate Counsel, Staff of the Board of Public Utilities and South Jersey Gas Company ("the Parties"). Numerous interrogatories were propounded on Petitioner by the Parties and answered by the Company. Moreover, numerous discovery/settlement discussions were held among the Parties.

On August 9, 2006 the Parties executed a Stipulation in this matter. The major provisions of this Stipulation are as follows:

- South Jersey's Firm Market Adjustment Clause, Rider "B" shall be withdrawn from Petitioner's Tariff effective on the date of a Board Order accepting this Stipulation.

The Agreement and Addendum shall be modified to reflect a term of approximately four (4) years, beginning August 1, 2006 and ending August 31, 2010, and to reflect the escalator provisions as discussed in more detail below. However, the parties to the Stipulation agree that the Agreement and Addendum will be effective on the date of a Board Order accepting the Stipulation.

Customers receiving service on Rate Schedule (FES) will have their commodity price calculated using the Monthly Basic Gas Supply Service ("BGSS") commodity pricing formula contained in the Monthly BGSS Subrider of the BGSSC Rider "A".

South Jersey will credit the Periodic BGSS Clause \$600,000 during the four (4) year period through monthly and other credits, so long as the Agreement and Addendum remain in effect.

The first monthly credit to the Periodic BGSS Clause will be made in January, 2007 in the amount of \$15,000 and shall continue for each month thereafter within the 2007 calendar year, in the same amount. Commencing January, 2008, the credit will be reduced to \$8,437.50 per month until \$450,000 has been credited to the Periodic BGSS Clause.

In addition to the monthly Periodic BGSS Clause credits, South Jersey will add an incremental base rate ("escalator") each month to Conectiv Energy Supply, Inc.'s invoice to recover an additional \$150,000 which will be credited to the Periodic BGSS Clause. Credits will be made from escalator recoveries as they are received. Upon South Jersey's achieving the \$150,000 recovery, the escalator will be set to zero.

## **DISCUSSION AND FINDINGS**

The parties to the Agreement and Addendum have negotiated D-1 and C-3 Charges. Pursuant to Special Provision (j) South Jersey may, at its sole reasonable discretion, offer a winter and summer D-1 Demand charge and a C-3 Volumetric Charge on a negotiated basis within certain parameters. Such negotiated rates must be set forth in a Standard Gas Service Agreement and filed with the Board within (30) days of execution, for approval. Pursuant to Special Provision (j) of Rate Schedule (FES), such charges may not be lower than an amount sufficient to generate a reasonable return on capital investments made by South Jersey to provide service under Rate Schedule (FES) and recovery of marginal and embedded costs, including depreciation.

Special Provision (j) of Rate Schedule (FES) requires that negotiated rates be based upon cost of service and value of service considerations, including but not limited to such factors as the following:

- 1) Proximity of customer to the Company's transmission lines;
- 2) Whether the customer will utilize the Company's interstate pipeline capacity;
- 3) Whether the customer will provide its own gas supply;
- 4) Level of interruption elected by the customer; and
- 5) Other pertinent factors.

The Board has reviewed the record in this matter including the attached Stipulation of the Parties which agree that the Agreement and Addendum should be approved by the Board. The Board **HEREBY FINDS** that the Agreement and Addendum have satisfied the requirements of Special Provision (j) of Rate Schedule FES. Moreover, the Board **HEREBY FINDS** that the Agreement and Addendum allow for sufficient recovery of all SBC costs and reasonable and

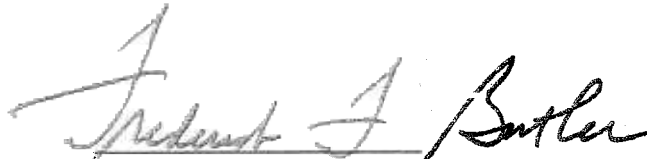
proper compensation to Basic Gas Supply Service ratepayers. Accordingly, the Board **HEREBY FINDS** the Stipulation of the Parties, the Agreement and Addendum as filed in the Company's Petition and modified in the Stipulation to be reasonable and in the public interest. The Board **HEREBY ADOPTS** the Stipulation of the Parties, including the terms and conditions as if fully set forth herein, thereby approving the Agreement and Addendum as modified in the Stipulation and proposed tariff sheets to be effective on the date of this Board Order.

DATED:

8/18/06

BOARD OF PUBLIC UTILITIES  
BY:

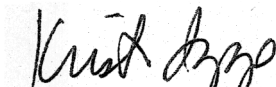
  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

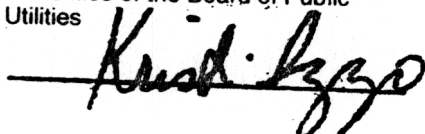
  
CONNIE O. HUGHES  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities



**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL  
OF A STANDARD GAS SERVICE AGREEMENT (FES) AND A STANDARD GAS SERVICE  
AGREEMENT (FES) ADDENDUM  
BPU DOCKET NO. GR04080870  
SERVICE LIST**

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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF  
SOUTH JERSEY GAS COMPANY FOR  
APPROVAL OF A STANDARD GAS  
SERVICE AGREEMENT (FES) AND  
A STANDARD GAS SERVICE  
AGREEMENT (FES) ADDENDUM

BPU DOCKET NO. GR04080870

STIPULATION

APPEARANCES

Ira G. Megdal, Esquire (Cozen O'Connor, attorneys) for South Jersey Gas Company  
("Petitioner")

Sarah H. Steindel, Assistant Deputy Ratepayer Advocate on behalf of the Department of  
the Public Advocate, Division of Rate Counsel ("Rate Counsel")

Babette Tenzer, Esquire, Deputy General Counsel of Staff of the Board of  
Public Utilities ("Staff")

TO THE HONORABLE BOARD OF PUBLIC UTILITIES

INTRODUCTION

South Jersey Gas Company ("South Jersey Company," "Petitioner")  
is engaged in the transmission, distribution, transportation, and sale of natural gas within its defined  
service territory in the State of New Jersey. Said service territory includes all or portions of the  
following counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and  
Salem. Within its service territory, South Jersey serves in excess of 324,000 customers.

II BACKGROUND

On August 13, 2004, South Jersey filed its Petition ("Petition") in the referenced  
matter. Petitioner submitted both a Confidentiality Agreement and a Public Copy of the  
Petition. Pursuant to the Petition, the Company proposed that the Board approve a Standard Gas

Service Agreement (FES) ("Agreement") and a Standard Gas Service (FES Addendum  
Addendum") these agreements were submitted pursuant to the Company's Rate Schedule  
FES

Pursuant to its Rate Schedule FES, South Jersey provides the sale or  
transportation of natural gas to generate electricity. In order to qualify for Rate Schedule FES,  
customer must have a Winter Daily Contract Demand of 1,000 Mcf per day or more, or a  
Summer Daily Contract Demand of 2,000 Mcf per day or more or both.

4. Special Provision (j) of Rate Schedule FES provides for negotiated rates. The  
negotiated rates must be incorporated into a Standard Gas Service Agreement (FES), which must  
be submitted to the Board for approval.

In addition, South Jersey completed a base rate case in Docket No. GR03080683  
and GR00050295. That proceeding resulted in a Partial Stipulation which was accepted by the  
Board, by an Order dated July 8, 2004.

6. That Partial Stipulation provided as follows:

As of July 6, 2004, only one customer was receiving service under this  
Rate Schedule FES. Notwithstanding any other provision of this Rate  
Schedule FES, that customer's existing Standard Gas Service Agreement  
("FES"), and amendments and addenda thereto (the "Existing  
Agreement") will continue in effect without modification to its terms or  
the rates paid. The Existing Agreement will only remain in effect if on or  
before August 16, 2004, the Company files a new Standard Gas Service  
Agreement ("FES") (the "Replacement Agreement") for approval by the  
Board. If the Replacement Agreement is not filed on or before August 16,  
2004, then the FES customer will be invoiced at the Benchmark rates  
contained in this Rate Schedule FES. If the Replacement Agreement is  
filed on or before August 16, 2004, then the Existing Agreement will  
remain in effect, until the Board acts upon the Replacement Agreement.

The Agreement and Addendum constitute the Replacement  
submitted for approval pursuant to Special Provision (j) of Rate Schedule FES and pursuant to

the above provision of the Partial Stipulation, which became Special Provision (w) of Rate Schedule FES.

8. The other party to the Agreement and Addendum is Connectiv Energy Supply, Inc. and is not a regulated entity.

9. Connectiv Energy Supply, Inc. operates equipment for the generation of electricity at, *inter alia*, Mickelton, Deepwater, Carlls Corner, Vineland and Millville, New Jersey. It will receive service pursuant to Rate Schedule (FES) at all of these locations.

10. The parties to the Agreement and Addendum have negotiated C-3 Charges. Pursuant to special Provision (j) of Rate Schedule (FES), such charges may not be lower than an amount sufficient to generate a reasonable return on capital investments made by South Jersey to provide service under Rate Schedule (FES) and recovery of marginal and embedded costs, including depreciation. This test is met by the Agreement and Addendum.

Pursuant to Special Provision (i) of Rate Schedule FES, such negotiated rates shall also be based upon cost of service and value of service considerations, including but not limited to such factors as the following:

- (1) proximity of customer to Company's transmission
- (2) whether the customer will utilize the Company's infrastructure
- (3) whether the customer will provide its own gas supply
- (4) level of interruption elected by the customer; and
- (5) other pertinent factors.

The Agreement and Addendum are also supported by the considerations set forth through (5), above.

Moreover, Connectiv will contribute significantly to the Societal Benefits Clause and Basic Gas Supply Service clause over the term of the Agreement and Addendum. Moreover,



as provided for in the Agreement and Addendum, South Jersey will be able partially or totally interrupt Conectiv 5 days during the Winter Season to enable South Jersey to meet peak requirements of its other customers, including residential customers.

### III. STIPULATED MATTERS

4. The parties to this Stipulation agree that South Jersey's Firm Market Adjustment Clause, Rider "B" will be withdrawn from Petitioner's Tariff effective on the date of a Board Order accepting this Stipulation. Attached to this Stipulation as "Exhibit A" are revised FES Tariff sheets which will be implemented effective on the date of Board Order accepting this Stipulation.

15. The parties to this Stipulation agree that the Agreement and Addendum shall be approved, as submitted with the Petition, modified to reflect a term of approximately four (4) years, beginning August 1, 2006 and ending August 31, 2010 to reflect the escalator provisions referred to in Paragraph 15 of this Stipulation. The parties to this Stipulation agree that the Agreement and Addendum will be effective on the date of a Board Order accepting this Stipulation. The Agreement and the Addendum, as modified to reflect the revised term, will be submitted to the Board, and the parties to this Stipulation under separate cover.

Customers receiving service on Rate Schedule 1S will now have their commodity price calculated using the Monthly BGSS pricing formula contained in the Monthly BGSS Subrider of the BGSSC Rider A. This formula has been incorporated into the attached, revised FES Tariff sheets.

7. South Jersey will credit the Periodic BGSS Clause \$600,000 over a four (4) year period, so long as the Agreement and Addendum remain effective through monthly and other credits.

8. The first monthly credit will be made in January of 2007. Each month during 2007, South Jersey will credit \$15,000 to the Periodic BGSS Clause. Commencing January of 2008, South Jersey will credit the Periodic BGSS Clause \$8.43 50 per month, until \$450,000 will have been credited to the Periodic BGSS Clause.

19. In addition to the monthly credits set forth in Paragraph 18 above, South Jersey will add an incremental base rate 'escalator' each month to Conectiv Energy Supply, Inc. invoice to recover \$150,000 to be credited to the Periodic BGSS Clause. Credits will be made to the Periodic BGSS Clause from escalator recoveries as they are received. Upon South Jersey's achieving the \$150,000 recovery the escalator will be set to zero for purposes of this Settlement.

20. This Stipulation represents a mutual balancing of interests and, therefore is intended to be accepted and approved in its entirety. In the event this Stipulation is not accepted in its entirety by the Board, then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

21. The Parties further agree that they consider this Stipulation to be binding on them for all purposes herein.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

SOUTH JERSEY GAS COMPANY

ZULIMA V. FARBER, ATTORNEY GENERAL  
OF THE STATE OF NEW JERSEY FOR THE  
STAFF OF THE BOARD OF PUBLIC UTILITIES

By: Ira G. Megdal  
Ira G. Megdal, Esq.  
Cozen O'Connor, attorneys

By: Babette Tenzer  
Babette Tenzer, Esq.  
Deputy Attorney General

SEEMA M. SINGH, ESQ., DEPARTMENT  
OF THE PUBLIC ADVOCATE,  
DIVISION OF RATE COUNSEL

By: Sarah H. Steindel  
Sarah H. Steindel, Esq.,  
Assistant Deputy Ratepayer Advocate

Dated: August 9, 2006

## SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 9 - GAS

First Revised Sheet No. 33  
Superseding Original Sheet No. 33

## FIRM ELECTRIC SERVICE (FES)

## APPLICABLE TO USE OF SERVICE FOR:

All gas that is purchased or transported to generate electricity. Provided, however, that in order to qualify for this Rate Schedule FES, a customer must have a Winter Daily Contract Demand of 1,000 Mcf per day or more, or a Summer Daily Contract Demand of 2,000 Mcf per day or more, or both. To be eligible for Firm Transportation Service under this Rate Schedule FES, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

## CHARACTER OF SERVICE:

Firm Sales Service and Firm Transportation Service.

MONTHLY RATE <sup>(1)</sup>

## WINTER (November - March):

## Demand Charge:

- D-1 \$3.0710 per Mcf of Winter Daily Contract Demand  
D-2 \$6.7516 per Mcf of Daily Billing Determinant or \$0 for Firm Transportation customers

Volumetric Charge: <sup>(2)</sup>

- C-1: \$.0232 per therm of consumption  
C-2: FES Monthly Commodity Rate in Market-Volumetric Charge, pursuant to Rider A and Special Provision (x) Rider "B", OR  
Customer Owned Gas Clause, Rider "D"  
C-3: \$.1418 per therm of consumption  
C-4: Escalator Rate - Charge may change monthly pursuant to Standard Gas Service Addendum.  
Minimum Bill: The monthly D-1 and D-2 charges, irrespective of use.

## SUMMER (April - October):

## Demand Charge:

- D-1 \$3.0710 per Mcf of Summer Daily Contract Demand  
D-2 \$6.7516 per Mcf of Daily Billing Determinant or \$0 for Firm Transportation customers

Volumetric Charge: <sup>(3)</sup>

- C-1: \$.0232 per therm of consumption  
C-2: FES Monthly Commodity Rate in Market-Volumetric Charge, pursuant to Rider A and Special Provision (x) Rider "B", OR  
Customer Owned Gas Clause, Rider "D"  
C-3: \$.1418 per therm of consumption  
C-4: Escalator Rate - Charge may change monthly pursuant to Standard Gas Service Addendum.

<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates.

<sup>(2)</sup> Please refer to Special Provision (q)

<sup>(3)</sup> For customers who transferred from a Sales Service other than Rate Schedule FES, see Special Provision (o)

Issued May 25, 2006  
by South Jersey Gas Company,  
E. Graham, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. GR04080870 of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 9 - GAS

First Revised Sheet No. 34  
Superseding Original Sheet No. 34

FIRM ELECTRIC SERVICE (FES)  
(Continued)

Minimum Bill: The monthly D-1 and D-2 charge, irrespective of use.

LINE LOSS:

Line Loss shall be 2.80% as provided in Special Provision (d).

APPLICABLE RIDERS:

Basic Gas Supply Service Clause:

The C-2 Rate is depicted in Rider A to this tariff, and is subject to adjustment pursuant to Special Provision (x) of this Rate Schedule.

Societal Benefits Clause:

The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff.

Firm Market Adjustment Clause:

The C-2 Volumetric Charge is subject to adjustment, pursuant to Rider "B" of this Tariff.

Customer Owned Gas Clause

The C-2 Volumetric Charge is subject to adjustment, pursuant to Rider "D" of this Tariff, if the customer so requests in an executed Standard Gas Service Agreement (FES).

TERMS OF PAYMENT:

Payment of all bills must be received in full at the Company's designated office within fifteen (15) days of the billing date; provided however, the Company shall take into account any postal service delays of which the Company is advised. If the fifteenth (15th) day falls on a non-business day, the due date shall be extended to the next business day. Should the customer fail to make payment as specified, the Company may, beginning on the twenty-sixth (26th) day, assess simple interest at a rate equal to the prime rate as published in the Money Rates column in The Wall Street Journal. Service to State, county or municipal government entities will not be subject to a late payment charge.

TERM:

Customer may discontinue service upon written notice to the Company, pursuant to the conditions of the Company's Standard Gas Service Agreement (FES).

TERMS AND CONDITIONS:

The General Terms and Conditions of this Tariff are incorporated into this rate schedule and this rate schedule shall be interpreted in accordance therewith.

SPECIAL PROVISIONS:

- (a) Customer shall contract for service under the Company's Standard Gas Service Agreement (FES), specifying a Winter Daily Contract Demand, a Summer Daily Contract Demand, an Annual Billing Determinant (ABD) and Daily Billing Determinant. In any given calendar year, should an FES customer not consume its ABD, the customer shall be billed the C-3 Charge for the difference in terms between the ABD and actual consumption.

Issued May 25, 2006  
by South Jersey Gas Company.  
E. Graham, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. GR04080870 of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 9 - GAS

First Revised Sheet No. 35  
Superseding Original Sheet No. 35

FIRM ELECTRIC SERVICE (FES)

(Continued)

- (b) On any day during the Winter Season, an FES customer may request service above its Winter Daily Contract Demand, and the Company may provide such service in the Company's sole reasonable discretion. If the FES customer requests such service, and such request is granted by the Company, (in addition to charges set forth in the Monthly Rate Section of this Rate Schedule FES) the customer will be charged 1.5 times the 100% load factor equivalent of the Winter D-1 and one times the D-2 Charge for the difference between the amount authorized by the Company for that day and the customer's Winter Daily Contract Demand, irrespective of whether the customer consumes this amount. Any consumption under this Special Provision (b) shall not be applied to meet the customer's requirement to consume its ABD pursuant to Special Provision (a).
- (c) During the Winter Season an FES Firm Sales Service or Firm Transportation Service customer may not exceed the stated Winter Daily Contract Demand in the Standard Gas Service Agreement (FES) during a twenty-four (24) hour period without authorization from the Company. Any customer who uses in excess of its Winter Daily Contract Demand without authorization, or if applicable, a larger amount authorized by the Company (excess usage), may be subject to an additional charge (in addition to charges set forth in the Monthly Rate Section of this Rate Schedule FES), for such excess use. Such additional charge shall equal ten (10) times the highest price of the daily ranges for that month that are published in the Gas Daily in the table "Daily Price Survey" for delivery to "Transco, Zone 6 Non-N.Y.". This charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. The customer shall also be charged 1.5 times the 100% load factor equivalent of the Winter D-1 Charge for all excess usage. Provided, however, that the Company may waive such charges if customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service.
- (d) For Firm Transportation Service customers, the receipt of gas by the Company for transportation under this Rate Schedule FES shall equal the delivery of said gas to the customer on a daily basis, less a percentage for line loss. The line loss factor to be utilized will be the Company-wide line loss percentage.
- (e) In the Standard Gas Service Agreement (FES) customer shall designate the facility (or facilities) at which service will be received under this Rate Schedule (FES) ("FES Facility").
- (f) RESERVED FOR FUTURE USE  
  
RESERVED FOR FUTURE USE
- (h) The Company may install an electronic data collection system pursuant to Section 6.1 of the General Terms and Conditions of this Tariff. The customer shall furnish an electrical supply and phone line for the operation of the device, in an area acceptable to the Company. The Company shall provide technical assistance in order to minimize the customer's expense for such installation.

Issued May 25, 2006  
by South Jersey Gas Company,  
E. Graham, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. GR04080870 of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 9 - GAS

First Revised Sheet No. 36  
Superseding Original Sheet No. 36

FIRM ELECTRIC SERVICE (FES)  
(Continued)

- (i) Service pursuant to this Rate Schedule FES shall be provided within the existing limitations of Company's system, and Company shall not be required to expand or alter the said system. Should Company, prior to the institution of service under this Rate Schedule FES in its sole reasonable discretion, elect to expand or alter its system in order to provide service pursuant to this Rate Schedule FES, the Company may require the customer to make a payment towards all or a part of the cost of the said expansion or alteration as Company shall determine in Company's discretion. Provided, however, that before making such expansion or alteration, Company shall provide an estimate in writing of the cost of such expansion or alteration to customer. Provided, however, that the making of such a payment shall give the customer no interest in the Company's system. All rights, including the rights of ownership and possession, shall be vested exclusively in the Company.
- (j) The Company may, at its sole reasonable discretion, offer a Winter and Summer D-1 Demand Charge and a C-3 Volumetric Charge on a negotiated basis. The D-1 charges, in conjunction with the C-3 charge, may not be lower than an amount sufficient to generate a reasonable return on capital investments made by the Company to provide service under this Rate Schedule FES and recovery of marginal and embedded costs, including depreciation. Such an offer shall be based upon cost of service and value of service considerations, including but not limited to such factors as: (1) proximity of customer to the Company's transmission lines; (2) whether the customer will utilize the Company's interstate pipeline capacity; (3) whether the customer will provide its own gas supply; (4) level of interruption elected by the customer pursuant to Special Provision (r) of this Rate Schedule; and (5) other pertinent factors. Such negotiated rates shall be set forth in the Standard Gas Service Agreement (FES) and filed with the Board within thirty (30) days of execution, for approval. Service Agreements containing the Benchmark Rates shown in the Monthly Rate section of this Rate Schedule (FES) shall not require filing with the Board. All agreements submitted to the Board for approval with a term of greater than five (5) years, must be accompanied by a justification for the extended term. The Company, the customer, the Board and its Staff shall treat any Standard Gas Service Agreement (FES) filed or to be filed with the Board, any petition related thereto, supporting documentation or any discovery related thereto as proprietary and trade secrets of the Company. As such, the contents of such material shall not be disclosed to any party, unless that party executes a confidentiality agreement acceptable to the Company.
- (k) The D-2 Charge set forth above is subject to an annual adjustment, which shall be made in the same proceeding in which the Company's Basic Gas Supply Service rates are established pursuant to Rider "A" of this Tariff. The C-2 Charges shall be established monthly pursuant to Rider "B" of this Tariff. The D-2 Charge shall equal one half (1/2) the weighted average of all interstate pipeline demand charges imposed upon the Company, applicable October 1 of each year, plus applicable taxes. Said D-2 Charge will recover any pipeline demand charges, gas inventory charges, gas reservation charges, direct bill take-or-pay surcharges and similar charges. The C-2 Charge includes all commodity cost of gas to the Company other than the commodity cost of liquefied natural gas plus applicable taxes.
- (l) On or before the twentieth day of each calendar month the customer shall provide to the Company, on a form to be provided by the Company, a Notice of Intent relative to Rider D. On said form customer shall advise Company as to whether it will only provide its own gas for delivery under Rider D.

Issued May 25, 2006  
by South Jersey Gas Company,  
E. Graham, President

Effective with service rendered  
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Filed pursuant to Order in Docket No. GR04080870 of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

# SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 9 - GAS

First Revised Sheet No. 37  
Superseding Original Sheet No. 37

## FIRM ELECTRIC SERVICE (FES) (Continued)

including potential peak day usage, or purchase some amount of the Company's gas under this Rate Schedule FES for the month succeeding delivery of said form. If during the month succeeding delivery of said form the customer requires gas supplies from the Company, over and above those so designated on the Notice of Intent, the Company will provide such supplies assuming availability of said supplies and interstate pipeline capacity. The Company's offer to provide such supplies shall include a rate for such gas which is no lower than the C-2 rate set forth in the Monthly Rate section of this Rate Schedule FES. If the FES customer accepts the rate so offered by the Company, the Company will give adequate notice of said offer and acceptance to the Board.

An FES customer who holds clear and marketable title to gas and who provides its own firm interstate pipeline capacity to the Company's City Gate Station may request authorization from the Company for discount of the Firm D-2 charge as set forth in the Monthly Rate Section of this Rate Schedule FES; provided, however, that said D-2 charges shall in no event be discounted for direct bill take-or-pay surcharges and similar charges.

- (n) Any charges imposed pursuant to the above Special Provisions of this Rate Schedule FES shall be in addition to other charges imposed pursuant to this Rate Schedule FES.
- (o) In the event that a customer receives service pursuant to Delivery Charge, and has switched from a Sales Service other than Firm Sales Service upon Rate Schedule FES, then the Transitional Energy Facility Assessment ("TEFA") within Delivery Charge shall be adjusted by replacing the TEFA with the FES Delivery Charge with the Applicable TEFA shown below:

<u>Sales Service</u> <u>Previously Utilized</u>	<u>FES</u> <u>TEFA</u>	<u>Applicable TEFA</u>
GSG	\$ .0000	\$ .0239
LVS	\$ .0000	\$ .0246
EGS, EGS-LV, LVCS	\$ .0000	\$ .0000
IGS	\$ .0000	\$ .0133

Provided, however, that this adjustment will not be made if the customer has only taken Firm Sales Service on a temporary basis. Firm Sales Service is deemed taken on a temporary basis if a customer has utilized the service for no more than one month of the 12-month period immediately prior to the customer's transfer to Firm Transportation Service under this Rate Schedule FES.

- (p) A Customer generating electricity, that qualifies pursuant to the provisions of N.J.S.A. 54:30A 50(c) shall be entitled to an appropriate rate reduction, to reflect the tax exemption.
- (q) Notwithstanding any other provisions of this Rate Schedule FES, customers who have previously executed a Standard Gas Service Agreement (LVCS) shall continue, from and after the date of acceptance of this Rate Schedule FES, for as long as such previously executed Standard Gas Service Agreement (LVCS) shall remain in effect, to be charged in

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 9 - GAS

First Revised Sheet No. 38  
Superseding Original Sheet No. 38

FIRM ELECTRIC SERVICE (FES)  
(Continued)

accordance with the terms of the existing Standard Gas Service Agreement (LVCS). In this regard, such customers shall continue to be charged the LVCS D-1 and C-3 rates now charged by the Company, pursuant to existing Standard Gas Service Agreements (LVCS), until such customers no longer receive service pursuant to such Standard Gas Service Agreements (LVCS). This Special Provision (q) shall be applicable to those Standard Gas Service Agreements (LVCS) in existence prior to August 29, 2003.

The customer shall indicate in the Standard Gas Service Agreement (FES) the maximum number of days during the Winter Season during which some or all of the customer's Winter Daily Contract Demand shall be interrupted. Due to system constraints, the Company may instruct one or all FES customer's to limit all or a portion of the customer's Winter Daily Contract Demand during a given twenty-four (24) hour period. Such instructions may be given orally or in writing but may be given no more than the number of days of permissible interruption specified in the Standard Gas Service Agreement (FES). Any customer who uses gas in excess of the amount to which the customer is interrupted during a given twenty-four (24) hour period may be subject to an additional charge (in addition to the charges set forth in the Monthly Rate Section of this Rate Schedule FES). Such additional charge shall be equal to ten (10) times the highest price of the daily ranges for that month that are published in Gas Daily in the table "Daily Price Survey" for delivery to "Transco, Zone 6 non-N.Y.". This charge shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided in the FERC-approved gas tariffs of Transcontinental Gas Pipe Line Corporation. Provided, however, that the Company may waive such charges if a customer demonstrates extenuating circumstances. The imposition of such additional charges shall not restrict the Company's right to interrupt or curtail this service.

- (s) Pursuant to this Rate Schedule FES, when it is appropriate to charge a customer the 100% load factor equivalent of a Demand Charge, the same shall be calculated by dividing the Demand Charge by  $(30.4 \times \text{Therm Factor} \times 10)$ .

The D-1 and C-3 rates set forth in the Monthly Rate section of this Rate Schedule FES are "Benchmark" Rates. Unless different rates are offered and accepted pursuant to Special Provision (j) the Benchmark Rates will be applicable.

- (u) If the Benchmark Rates are applicable, the Customer will be subject to all future rate changes to such Benchmark Rates approved by the Board. Provided, however, that if negotiated rates are applicable, those negotiated rates will be subject to the same percentage changes that the Benchmark Rates are subject to through appropriate base rate proceedings. Provided, however, that agreements for negotiated rates may provide that the same percentage changes will not apply, if the Company provides justification for such non-applicability, and the Board finds it to be reasonable.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 9 - GAS

First Revised Sheet No. 39  
Superseding Original Sheet No. 39

FIRM ELECTRIC SERVICE (FES)

(Continued)

For all customers who become customers under this Rate Schedule FES after July 1, 2004, any increases or decreases to Rider "B", Rider "E", and Rider "I" shall be applicable to the Benchmark Rates, as well as negotiated rates.

- (w) As of July 6, 2004, only one customer was receiving service under this Rate Schedule FES. Notwithstanding any other provision of this Rate Schedule FES, that customer's existing Standard Gas Service Agreement ("FES"), and amendments and addenda thereto (the "Existing Agreement") will continue in effect without modification to its terms or the rates paid. The Existing Agreement will only remain in effect if on or before August 16, 2004, the Company files a new Standard Gas Service Agreement ("FES") (the "Replacement Agreement") for approval by the Board. If the Replacement Agreement is not filed on or before August 16, 2004, then the FES customer will be invoiced at the Benchmark rates contained in this Rate Schedule FES. If the Replacement Agreement is filed on or before August 16, 2004, then the Existing Agreement will remain in effect, until the Board acts upon the Replacement Agreement.

- (x) The FES Monthly Commodity rate shall be calculated each month pursuant to the Monthly BGSS Subrider of the Basic Gas Supply Service Clause to this Tariff, except that paragraph (3) of the Monthly Formula in the Monthly BGSS Subrider shall not apply to FES customers. At any time during the month after the FES Monthly Commodity rate has been established, the Company may file a higher or lower rate to reflect changes or anticipated changes in gas costs. Such change may be made at the sole option of the Company after 3 hours advance notice, by telephone or otherwise, has been given to the Board and affected customers.

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# SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 9 - GAS

Twenty-Sixth Revised Sheet No. 63  
Superseding Twenty-Fifth Revised Sheet No. 63

## RIDER "A" BASIC GAS SUPPLY SERVICE CLAUSE ("BGSSC")

### APPLICABLE TO:

Rate Schedule RSG	Residential Service
Rate Schedule GSG	General Service
Rate Schedule GSG-LV	General Service - Large Volume
Rate Schedule LVS	Large Volume Service
Rate Schedule FES	Firm Electric Service
Rate Schedule EGS	Electric Generation Service
Rate Schedule EGS-LV	Electric Generation Service - Large Volume

### APPLICABLE RATES:

#### Periodic BGSS Subriders (Effective May 1, 2006)

Rate Schedule	BGSS Rate Before Taxes (per therm)	BGSS Rate With Taxes (per therm)	Air Conditioning Credit Special Provision (9) 2005 (per therm)
RSG	45	.2164	\$0.2909
GSG (under 5,000 therms)	45	.2164	\$0.2909

#### Monthly BGSS Subriders (Effective May 1, 2006)

Rate Schedule	BGSS Rate Before Taxes (per therm)	BGSS Rate With Taxes (per therm)
LVS C-2	\$ .8189	\$ .8697
FES	\$ .xxxx	\$ .xxxx
EGS	\$ .8240	\$ .8751
EGS-LV Firm C-2	\$ .7878	\$ .8367
EGS-LV Limited Firm C-2	\$ .8391	\$ .8911
GSG-LV	\$ .8240	\$ .8751
GSG (5,000 therms or greater)		
With surcharge	\$ .9791	\$ 1.039
Without surcharge	\$ .8240	\$ .8751

Reflects currently approved Total BGSS Rate.

<sup>2</sup> Per Board Order dated March 27, 2006, in Docket No. GR03080683, the surcharge was established to recover the amount of Periodic BGSS underrecovery as of March 31, 2006 attributable to those GSG customers who switched from Periodic to Monthly BGSS. It is these Monthly BGSS customers who are subject to the Monthly BGSS Subriders that will pay the surcharge.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 9 - GAS

Third Revised Sheet No. 66  
Superseding Second Sheet No. 66

RIDER "A"  
BASIC GAS SUPPLY SERVICE CLAUSE ("BGSSC")  
(Continued)

MONTHLY BGSS SUBRIDER

FILING:

This Subrider shall be applicable to all customers served under Rate Schedules LVS, FES, EGS, EGS-LV and GSG-LV and those customers served under Rate Schedule GSG who meet the Monthly Threshold. This Monthly BGSS Subrider shall recover gas costs associated with service to customers served under this Subrider.

The Company will file self-implementing Monthly BGSS rates on the second day following the close of trading of the NYMEX Henry Hub gas contracts for each month. Within each monthly filing, the Company will provide the following:

- (1) Documentation regarding the NYMEX Henry H;
- (2) Supporting schedules that document the actual/projected costs and sales volumes used to derive the monthly gas cost factor; and

MONTHLY FORMULA

The formula for determining the Monthly BGSS rate shall be the sum of the following:

- (1) The Company will calculate a Commodity Cost which is comprised of the sum of arithmetic average of
  - (i) the closing price of the NYMEX Henry Hub gas contract for the following month and
  - (ii) the weighted average of the estimated Index Prices, for the respective locations at which the Company purchases its gas, to be published in Inside FERC's Gas Market Report for the remaining BGSS Year. Further, the calculation will not include hedging.
- (2) An estimate shall be made of the variable costs of transportation and fuel and line loss for the subject month, to the extent not included in (1), above
- (3) A Non-Commodity Cost component that includes gas costs other than the Commodity Cost of Gas, including but not limited to all fixed pipeline costs, fixed supplier costs, fixed storage costs, pipeline refunds and similar credits, and other credits directed by the Board. The Non-Commodity Cost component shall be calculated on an equal per-therm basis for the entire BGSS Year. This subparagraph (3) is not applicable to FES customers.

The result of the calculation from the Monthly Formula above shall be adjusted for Rate Schedules LVS and EGS-LV (Firm and Limited Firm) to derive the Monthly BGSS Rates by deducting therefrom the volumetric equivalent of the D-2 charges within the respective Rates Schedules. Said deductions shall be as follows:

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## Appendix A - Effective

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